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Copy of

MEMORANDUM FOR: Deputy Director for Science and Technology

ATTENTION: Comptroller, DD/S&T

SUBJECT: Call for Cost Reduction Program FY 1968
and FY 1969

REFERENCE: Memorandum for Director of Special Activities
from Comptroller, DD/S&T, Same Subject
dated 7 August 1967 (DD/S&T-3156-87)

1. Should have ish para "S, 1, info"

1. Referent memorandum requested each office to identify potential savings equal to a minimum of 5% of the nonpersonal services portion of the CIA budget submissions for FY 1968 and FY 1969.

2. As you are aware the FY 1968 budget submission was predicated on a complete phaseout of the OXCART program by 1 July 1968. Under this plan a substantial number of personnel were scheduled for reassignment outside the Directorate by the end of calendar year 1967. Subsequent to the budget submission, it was determined by higher authority to deploy the OXCART capability to the Far East for operational purposes. At that time the phase-out plan was postponed with personnel reassignment plans being held in abeyance pending further clarification of program activities. It appears now that personnel manning in support of the OXCART program will remain rather stable until the operational capability is redeployed to —expected to be sometime in December 1967, at which time the phase-out plan is scheduled for reactivation. Since there are still some uncertainties concerning the actual terminal date for the OXCART program, some of the above mentioned schedules could change depending on subsequent determinations. It is our understanding that another review of the OXCART program and related activities will be made by higher authority during October and further guidance will be forthcoming at that time.

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3. In view of the above, it would be patently impossible to identify a 5% savings in FY 68 when we already know that additional funds will be required to support the current operational concept for the remainder of the year.

4. In connection with identifying possible savings in FY 1969, we recognize that the budget submission was in support of a single operational capability. However, in view of the uncertainties as described above, we feel that a review at this time of the FY 69 budget would be meaningless and perhaps misleading. We would prefer to postpone the review until sometime in October.

PAUL M. MACALIS
Brigadier General, USAF
Director of Special Activities

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Asst Compt/OSA/ :dbt (4526 - 22 Aug 67)

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